

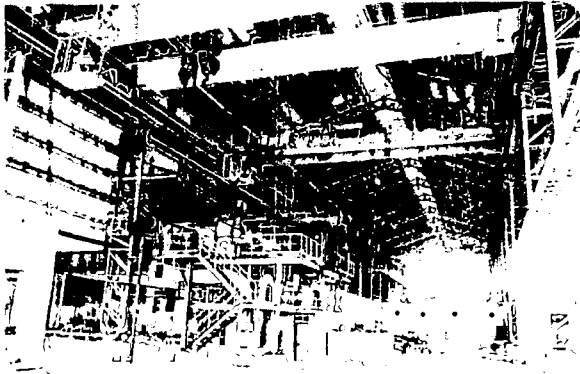


दुनिया GISCO लोहा माने

15th Annual Report 2007-2008

ANGOTRI IRON & STEEL CO. LTD.

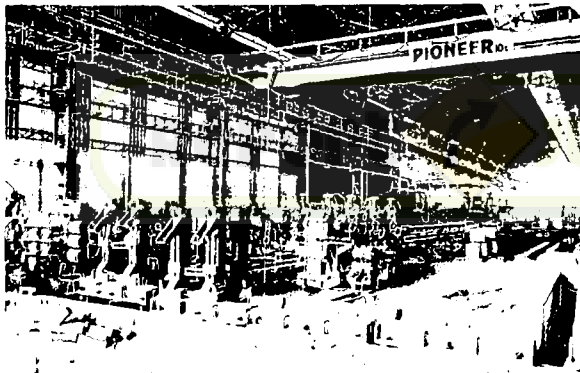
## NEW UNIT AT BIHTA



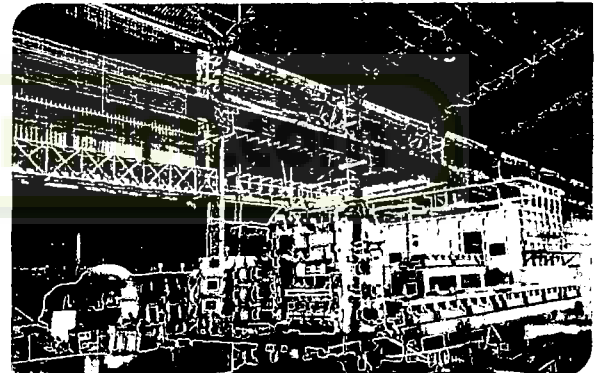
STEEL MELTING SHOP SHED



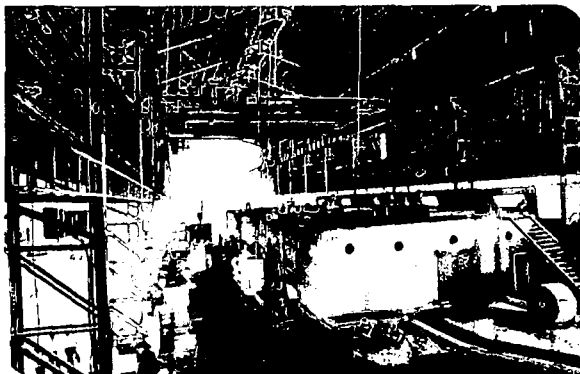
RE-HEATING FURNACE



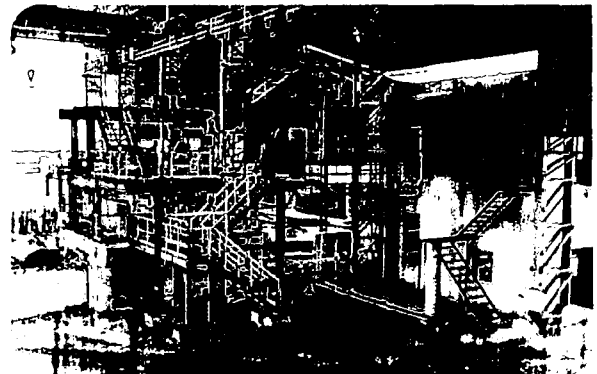
ROLLING MILL AREA



ROUGHING MILL AREA



FURNACE PLATFORM



CCM AREA

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Mr. Ramautar Jhunjunwala	<i>Chairman</i>
Mr. Sanjiv Kumar Choudhary	<i>Managing Director</i>
Mr. Aditya Dalmiya	<i>Director</i>
Mr. Ashok Agarwal	<i>Director</i>
Mr. Debabrata Banerjee	<i>Director</i>
Mr. Narendra Kumar Jaiswal	<i>Director</i>
Mr. Debabrata Mukherjee	<i>Director</i>

**COMPANY SECRETARY**

Ms. Priti Somani

**AUDITORS**

M/s. ARSK & Associates  
22, R. N. Mukherjee Road  
3rd Floor, Kolkata - 700 001

**BANKERS**

State Bank of India, Commercial Branch, Patliputra, Patna  
The Federal Bank Ltd., Kolkata  
Standard Chartered Bank, Patna  
HSBC Ltd., Patna

**WORKS**

Phulwari Shariff, Nayatola  
Patna - 801 505

Vill : Mahadevpur, Near Reliance Petrol Pump  
Phulari, Bihta, Patna - 801 103

**REGISTERED OFFICE**

307, Ashiana Towers  
Exhibition Road  
Patna - 800 001

**CORPORATE OFFICE**

16B, Shakespeare Sarani  
3rd Floor, Kolkata - 700 071

**REGISTRAR & SHARE TRANSFER AGENT**

S. K. Computers  
34/1A, Sudhir Chatterjee Street  
Kolkata - 700 006

**WEBSITE**

www.giscotmt.com

**E-MAIL ID FOR INVESTORS**

gangotriironsteel@rediffmail.com

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**GANGOTRI IRON & STEEL CO. LTD.**

**NOTICE**

NOTICE is hereby given that the **15th Annual General Meeting** of the Members of **GANGOTRI IRON & STEEL COMPANY LIMITED** will be held on Monday, the **29th September, 2008 at 2.00 P.M.**, at **307, Ashiana Towers, Exhibition Road, Patna - 800 001**, the Registered Office of the Company to transact the following business :

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint Directors in place of Mr. Narendra Kumar Jaiswal and Mr. Debabrata Mukherjee, who retires by rotation and, being eligible, offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board  
For **GANGOTRI IRON & STEEL COMPANY LTD.**

**Priti Somani**  
Company Secretary

Kolkata, 2nd September, 2008

**NOTES :**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxies, to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of members and Share Transfer Register of the company will remain closed from 24th September, 2008 to 29th September, 2008 (both days inclusive).
3. Members are requested to notify the company immediately of any change in their address.
4. Members seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
5. The instrument of the share transfers, complete in all respects should reach the company prior to closure of the Register of Members as stated above.
6. Members/Proxies are requested to bring with them the printed Annual Report being sent to them, along with the Notice, to avoid inconvenience.
7. The Company has listed its shares at :
  - i) The Magadh Stock Exchange Association, Ashiana Plaza, Patna - 800 001
  - ii) Bombay Stock Exchange Ltd., 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
  - iii) The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta - 700 001

The Company has paid upto date Annual Listing Fees to each of the above-mentioned Stock Exchanges.

By order of the Board  
For **GANGOTRI IRON & STEEL COMPANY LTD.**

**Priti Somani**  
Company Secretary

Kolkata, 2nd September, 2008

**NOTICE** (Contd.)

Information as required under clause 49 IV (G)(i) of the Listing Agreement in respect of Directors retiring by rotation and being proposed to be re-appointed.

- 1) Name of the Director : Mr. Narendra Kumar Jaiswal  
 Date of Birth : 08.01.1957  
 Date of appointment : 20.08.2005  
 Qualification : B.E  
 Expertise in specific functional areas : Mr. Narendra Kumar Jaiswal, aged 51 years, Bachelor in Engineering from Calcutta University is having experience in the field of construction for more than 29 years. He worked as site engineer in M. L Dalmiya & Co. Ltd., from 1978-1980, as senior site engineer in M/s Gannon Dunnkerley & Co. Ltd., from 1980-1984, as resident engineer in M/s M. L. Dalmiya & Co. Ltd from 1984-1987 & as senior partner of M/s Kopila Engineering Co & M/s The Millenium Construction Company since 1987 till date. He is actively associated with the company for the last three years in site construction & other works.
- List of other Directorship held : Nil  
 Number of shares held : Nil  
 Relationship with other Directors : Not related to any other Director
- 2) Name of the Director : Mr. Debabrata Mukherjee  
 Date of Birth : 01.07.1933  
 Date of appointment : 24.03.2006  
 Qualification : B.E (Post Graduate), F.I.I.E (Post Graduate), M.I.I.M (Post Graduate).  
 Expertise in specific functional areas : Mr. Debabrata Mukherjee, aged 75 years is associated with the company for last 2 years as an Independent Non-Executive Director. Mr. Mukherjee, B.E (Metallurgy), F.I.I.E, M.I.I.M is an ex-executive director of Alloy Steel Plant - Durgapur, and ex-managing director of Durgapur Steel Plant - Durgapur. He has also worked as chairman of National Iron & Steel Company, Belur and as an advisor to Metallurgical Engineering Consultants. He has got vast experience in the iron & steel industry. Presently, he is actively associated with the company for setting and running of Bihta Unit.
- List of other Directorship held : Nil  
 Number of shares held : Nil  
 Relationship with other Directors : Not related to any other Director



## GANGOTRI IRON &amp; STEEL CO. LTD.

## DIRECTORS' REPORT

*To The Members*

The Directors have pleasure in presenting the 15th Annual Report of the Company, together with the Audited Accounts, for the year ended 31st March, 2008.

**1. Financial Results**

(Rs. in Lacs)

	2007-2008	2006-2007
Sales & Other Income	4576.37	3931.31
Profit before Interest & Depreciation	276.93	287.47
Less : Interest & Other Financial Charges	70.90	66.81
Less : Depreciation	54.52	76.24
Profit before Taxation	151.51	144.42
Less : Provision for Taxation	(49.59)	(46.16)
Less : Fringe Benefit Tax	(2.13)	(1.36)
Add/(Less) : Deferred Tax	(7.07)	7.32
Add/(Less) : Excess/Short provision of Income Tax	(6.46)	0.07
<b>Net Profit/(Loss) after Tax</b>	<b>86.26</b>	<b>104.29</b>
Balance as per last year	207.54	127.86
Less : Appropriations		
Interim Dividend (Proposed to be final)	-	21.58
Tax on Dividend	-	3.03
<b>Balance Carried Forward</b>	<b>293.80</b>	<b>207.54</b>

**2. Operations**

During the year under review the production of M.S Bar was 17375 MT as against 16667 MT in the previous year representing an increase of 4.25%. Total Income and Profit before Tax have increased by 16% and 5% respectively, compared to previous year ended on 31.03.2007. This was achieved due to operational efficiencies despite several adverse factors, particularly substantial increase in prices of inputs and enhanced competition.

**3. Future Prospects**

On a land measuring approximately 15 acres at Bihta the civil and structural work is almost complete and the machinery equipments for which orders were placed, has already arrived and the installation work is near completion. The construction of staff and officers' quarters is in progress in which approximately 350 personnel will be accommodated. All the necessary approvals and clearances including environmental clearance have since been obtained. As regards to power supply to the unit load has been sanctioned by BSEB and the overhead wire installation work from the grid to the unit is in progress. As soon as the power supply is received, the Company will start trial production thereafter commercial production in the new unit. The company is hopeful that before October, 2008, the aforesaid problem should be solved and production will start.

The economic scenario under the present Government looks to be very bright and the probability of huge infrastructural and development work is expected which would result in huge demand of product being manufactured by the Company. The Company expects to cater it's products to various institutional and government departments because of it's superior quality compared to others in the region. Upon its commencement of the production in the new unit, the Company would attempt to differentiate itself from other manufacturers of the region with regards to quality, competitiveness and availability.

The Company proposes to manufacture 300 MT of GISCO Thermex TMT Bars and Wire Rods at the new unit and thus improve the value of stakeholders.

**4. Management Discussion and Analysis****Business Segment-wise Performance**

The company's business consists production of Twisted and TMT M. S. Bar and it falls under single segment. Hence Segment wise operational performance is not applicable.

**DIRECTORS' REPORT (Contd.)****Outlook**

As you all know that the growth and economy of the country is currently passing through a difficult time but still with the focus of the government and the private sectors on improving the infrastructure and housing, it is hoped that consumption of steel will continue to grow. Your company is confident that it would not face much difficulty in marketing its product from the existing unit and the new unit particularly in view of the strong brand image it enjoys.

**Risks and Concerns**

In view of the ever growing inflation in the market and shortage of raw materials and fierce competition, the profitability of the industry may get affected and to overcome this concern the company will take all necessary steps to improve its competitiveness in terms of product cost, range and quality and thus prepare it to meet the challenge.

In spite of abnormal increase in the price of raw materials and severe competitive market, the company was able to increase its production and its income by 16% and could maintain the gross profit almost near the last year level.

**Internal Control Systems and their Adequacy**

There exists a proper and adequate internal control system in the company for all its activities including safeguarding and protecting its assets against any loss from its unauthorized use or disposition. All transactions are properly documented, authorized, recorded and reported correctly. The above control is further supplemented by exhaustive scope of internal audit that is carried out by internal auditors. The policies, procedures and internal controls are further reviewed by the Audit committee of Board of Directors on periodical basis.

**Personnel**

The industrial relations scenario continued to be stable during the period under review. The Company has been taking various initiatives for HR development, a process that will continue in the coming years. Your Company organizes Architects and Masons meets on a regular basis in various areas where it markets its products. These meets are very well attended and have resulted in better demand for its products apart from popularizing its brand image.

**5. Dividend**

In order to conserve resources of the Company, no dividend has been declared for the financial year under review.

**6. Finance**

During the year, the Company raised credit facilities by way of overdrafts, cash credits, issuing of guarantees, including deferred payment guarantees and indemnities, negotiation and discounting of demand and/or usance bills and cheques, inland as well as foreign and such other facilities from State Bank of India, Commercial Branch, Patliputra, Patna and other private body for the existing and the Bihta unit.

**7. Right Issue**

Pursuant to the resolutions passed by the Board of Directors and the resolution approved by the Shareholders in the Extra-Ordinary General Meeting held on 11.01.2008 and subsequent meeting of Board of Directors, the Company has filed a draft letter of offer with SEBI to raise funds aggregating to Rs. 12.31 Crores on rights basis to partly finance the Bihta unit and for general corporate purposes.

**8. Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Narendra Kumar Jaiswal and Mr. Debabrata Mukherjee are retiring by rotation and being eligible offers themselves for re-appointment.

**9. Directors' Responsibility Statement**

In compliance with Section 217(2AA) of the Companies Act 1956, the Directors confirm that :

- in preparation of the Annual Accounts, for the year ended 31st March 2008, all the applicable accounting standards prescribed by the ICAI have been followed.
- the Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

## GANGOTRI IRON &amp; STEEL CO. LTD.

**DIRECTORS' REPORT** (Contd.)

d) the Directors have prepared the annual accounts on a going concern basis.

**10. Auditors**

M/s. ARSK & Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment if made will be within the prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

**11. Depository System**

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). Members are requested to avail the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid, if not already done.

**12. Voluntary Delisting of the Company's Equity Shares from the Stock Exchanges at Calcutta & Magadh**

Consequent upon the approval of members at the Annual General Meeting held on September 29, 2003 and in pursuance of the delisting guidelines issued by SEBI, the Company has applied for delisting of shares. The delisting will not adversely affect the members of the Company as the equity shares continue to be listed on Bombay Stock Exchange Ltd. The Company hereby unconditionally and irrevocably undertakes to keep indemnified and harmless The Calcutta Stock Exchange Association Ltd. and The Magadh Stock Exchange Association, its officials against any action, claim, causes, proceedings, demands, whatsoever which may arise on account of voluntary delisting.

**13. Public Deposit**

The company has not invited/accepted any deposits from the public and as such there are no outstanding deposits, in terms of the Companies (Acceptance of Deposits) Rules, 1975.

**14. Personnel**

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956, are required to be given.

**15. Conservation of Energy**

The information relating to conservation of energy as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure -A to this Report. The Company has no figure to disclose in respect of technology absorption and /or foreign exchange earning and outgo.

**16. Industrial Relations**

*The relations between the employees, workers and the management were cordial and an atmosphere of understanding prevailed throughout the year.*

**17. Social Welfare Activities**

The Company organises mason's meet from time to time at various centers and provides Personal Accident Cover to the masons attending the meeting under arrangement with Oriental Insurance Company.

**18. Corporate Governance**

Separate Report on Corporate Governance is annexed and marked "Annexure - B". The Auditors' Certificate on compliance with the conditions of Corporate Governance is annexed and marked "Annexure - C".

**19. Acknowledgement**

Your Directors wish to place their sincere appreciation to the co-operation extended by the Bank, State Government, Electricity Board, Customers, Suppliers and Shareholders and solicit their continued support. The Directors also wish to place on record the dedicated service rendered by the Management, Staffs and Workers.

For and on behalf of the Board  
**Ramautar Jhunjhunwala**  
*Chairman*

Kolkata, 2nd September, 2008



**ANNEXURE TO THE DIRECTORS' REPORT****"Annexure - A" to the Directors' Report**

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

Particulars	2007-08	2006-07
<b>A) Power &amp; Fuel Consumption</b>		
1. Electricity		
a) Purchased Unit (KWH)	1930500	1959605
b) Total Amount (Rs.)	1,42,15,696	1,22,47,972
c) Rate/Unit (Rs.)	7.36	6.25
2. Coal		
a) Qty (Kg.)	1378184	1823090
b) Total Amount (Rs.)	44,65,019	43,21,941
c) Average Rate (Rs.)	3.24	3.27
<b>B) Consumption per unit of Production</b>		
a) Units (M.T.)	17374.651	16667.122
b) Electricity (KWH)	111.11	117.57
c) Coal (Kg.)	79.32	79.38

**"Annexure - B" to the Directors' Report****Report on Corporate Governance****1. COMPANY'S PHILOSOPHY**

The Company's philosophy of corporate governance is to enhance long-term shareholders value, achieve operational efficiencies and business results in all areas of company's operations, with compliance of all statutory and regulatory provisions. The company believes in transparency, openness and disclosure of information consistent with the business environment in which the company operates.

**2. BOARD OF DIRECTORS**

The strength of Board of Directors is seven comprising Mr. Ramautar Jhunjhunwala, Chairman, Mr. Sanjiv Kumar Choudhary, Managing Director, Mr. Aditya Dalmiya, Mr. Ashok Agarwal, Mr. Debabrata Banerjee, Mr. Narendra Kumar Jaiswal & Mr. Debabrata Mukherjee. Total number of Board meetings held during the year were 9 and the dates are as follows : 29.06.07, 23.07.07, 31.07.07, 16.08.07, 28.09.07, 31.10.07, 30.11.07, 13.12.07 & 31.01.08. The details of Attendance, Directorship and Membership are given as per table shown below :

Name	Category	Attendance		Number of other Directorship & Committee Member/Chairman		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Ramautar Jhunjhunwala	Non-Executive & Promoter	8	Yes	6	-	-
Mr. Sanjiv Kumar Choudhary	Executive & Promoter	5	Yes	7	-	-
Mr. Aditya Dalmiya	Non-Executive & Promoter	8	Yes	4	-	-
Mr. Ashok Agarwal	Non-Executive & Independent	8	Yes	-	-	-
Mr. Debabrata Banerjee	Non-Executive & Independent	5	Yes	-	-	-
Mr. Narendra Kumar Jaiswal	Non-Executive & Independent	5	Yes	-	-	-
Mr. Debabrata Mukherjee	Non-Executive & Independent	4	No	-	-	-

**GANGOTRI IRON & STEEL CO. LTD.****ANNEXURE TO THE DIRECTORS' REPORT (Contd.)****3. AUDIT COMMITTEE**

The Audit Committee consists of Directors (Mr. Ramautar Jhunjhunwala, Mr. Debabrata Banerjee, Mr. Ashok Agarwal & Mr. Narendra Kumar Jaiswal) and the Company Secretary as the secretary of the audit committee. The Statutory Auditors, Internal auditors and Heads of Finance, Marketing, Production and Commercial functions are invitees to the meetings. During the financial year ended 31.03.2008 five meetings were held on 26.04.07, 28.06.07, 30.07.07, 29.10.07 & 30.01.08.

The Composition of the Audit Committee and attendance at its meeting is given hereunder :

Name	Position	Category	Attendance (2007-08)
Mr. Debabrata Banerjee	Chairman	Independent & Non-Executive	5
Mr. Ramautar Jhunjhunwala	Member	Non Executive	4
Mr. Ashok Agarwal	Member	Independent & Non-Executive	5
Mr. Narendra Kumar Jaiswal	Member	Independent & Non-Executive	4

**4. REMUNERATION COMMITTEE**

There is no remuneration committee as there is only one Managing Director, whose terms are approved by members of the Company. He is being paid a remuneration of Rs. 80,000/- per month. Sitting fees is being paid @ Rs. 1000/- per meeting to all the directors other than the Managing Director.

Details of number of shares and convertible instruments held by non-executive directors of the Company is given below :

Name	Number of Equity Shares	Number of Convertible Warrants
Mr. Ramautar Jhunjhunwala (includes 87,500 equity shares in the capacity of Karta)	2,08,600	NIL
Mr. Aditya Dalmiya	1,000	NIL

**5. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE**

The Committee consists of Mr. Ramautar Jhunjhunwala and Mr. Ashok Agarwal, with the Company Secretary as the Compliance Officer. No transfers were pending at the end of the financial year.

During the year under review 27 shareholders complaints were received and all of them were resolved to the satisfaction of the shareholders, hence there were no pending complaints at the year-end.

**6. GENERAL BODY MEETINGS**

AGM No.	Date	Time	Venue
12th AGM	28.09.2005	2.00 P.M.	307, Ashiana Towers, Exhibition Road, Patna - 800 001
13th AGM	08.09.2006	2.00 P.M.	Bihar Industries Assn., Industry House, Sinha Library Road, Patna - 800 001
14th AGM	28.09.2007	2.00 P.M.	307, Ashiana Towers, Exhibition Road, Patna - 800 001

Number of special resolutions passed in previous 3 AGMs :

AGM No.	No. of Special Resolutions passed
12th AGM	2 (Two)
13th AGM	NIL
14th AGM	NIL

No Resolutions were put through postal ballot during the year 2007-2008 and presently there is no proposal for passing any resolution through postal ballot in the ensuing AGM.

**7. DISCLOSURES**

There are no materially significant transactions with related parties, viz., promoters, directors or the management or relatives etc. that may have a potential conflict with the interests of the company. Suitable disclosures as required by the Accounting Standard - 18 and others have been made in the Annual Accounts.

33,75,000 preferential convertible warrants were converted into equity shares after the full money was received and the same were utilized for permissible purposes and for the new unit at Bihta.